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Journal homepage: www.publishing.globalcsrc.org/jbsee**Entry Mode Strategy, Customer Engagement and Firm Performance**¹Abiodun Babatunde Onamusi

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ARTICLE DETAILS	ABSTRACT
History <i>Revised format: February 2020</i> <i>Available Online: March 2020</i>	Purpose: This study assessed the effect of entry mode strategy on firm performance of selected manufacturers of baby-care product in Lagos State, Nigeria, more so, it examined the moderating effect of customer engagement on the relationship between entry mode strategy and firm performance.
Keywords <i>Entry Mode Strategy,</i> <i>Firm Performance,</i> <i>Customer Engagement,</i> <i>Eclectic Theory</i>	Methodology: This study employed a cross-sectional survey design and a sample of 452 employees of twelve manufacturers of baby-products in Lagos State, Nigeria. A moderated regression analysis to test two-way interaction hypotheses was conducted.
JEL Classification: <i>F23, M31</i>	Findings: The results showed that entry mode strategy has a positive and significant effect on firm performance ($R^2 = 0.042$, $F(2,449) = 9.865$, $p < 0.000$). Further analysis showed that customer engagement explained the increase in firm performance ($\Delta R^2 = 0.543$, $\Delta F(1,448) = 587.305$, $p < 0.000$) with the introduction of customer engagement as a moderator.
	Implications: Beyond the performance of entry mode strategy for firms, manager's needs to deploy customer engagement capability because it's offers high performance opportunities for the firms who can deploy it. Hence, firm needs to invest in setting up platforms to engage their customers after gaining access to a new international market.



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1. Introduction

Local manufacturers in the FMCG category in Nigeria are confronted with many challenges which includes infrastructure inadequacy, policy inconsistency, increasing insecurity, and activity of new entrants from other developed economies (Manufacturers Association of Nigeria, 2018). To buttress the new entrants' effect, Euromonitor International (2018) observed that some multinational companies (MNCs) in other countries use the non-equity mode strategy as a means to gain access to the Nigerian market. Consequently, this has created challenges for the local brands such as Dr. Brown, Nestle's Cerealac, Frislands's Nan, Procter & Gamble's Pampers, among others who operate in equity mode. Mainly because they operate from a cost advantage location and given the harsh operating environment in Nigeria on businesses, they offer products at more affordable prices than local manufacturers, and this affected the market performance of local brands. This issue is prominent in the Baby-care industry, and it negatively affected the market share and profitability of local brands operating in Nigeria (Euromonitor International, 2018).

Scholars stressed that the entry mode strategy adopted by firms must be appropriate for the environment it chooses to operate (Awolusi, 2013; Brouthers, 2013; Powell, 2019; White, Hemphill, Joplin, & Marsh, 2014). The failure to choose an appropriate operational entry mode strategy hurt organisational performance (Brouthers, 2013; Yasmeen & Viswanathan, 2017). For instance, understanding the need to find an operational entry mode strategy-environmental fit, Procter & Gamble in July 2018 announced in a press release the closure of its diaper plant (equity mode) to pursuit contract manufacturing (non-equity mode) outside Nigeria. Similarly, through another press release, PZ in January 2019 announced a cut back in business exposure in Nigeria to move to other cost-advantage location. More so, Sylva *et al.* (2016) pointed out that competition from fake, sub-standard, and cheap imported products further create problems for manufacturing organisation in Nigeria, which operates equity mode.

Consequently, the financial results stated in the annual report of these manufacturing companies showed a decline in business profit. For example, PZ Cusson Nigeria profit figures showed a decline from N809.2million in 2017 to N726.62million in 2018, Frieslandcampina profit declined from 5.1% (2016) to 3.7% (2017), Procter & Gamble shut down a \$300 million plant to cut their losses in 2018 (Procter & Gamble Press Release, 2018). The Directors of Unilever Nigeria Plc announced the unaudited results for the third quarter of 2018. The result showed a decline in profit from N2,624 million in 2017 to N2,143 million in 2018. Nestle terminated the employment of 124 staff to minimize operating costs and improve business profitability (Nestle annual report, 2017). Possibly, the inability of these manufacturing companies to address the threat from new entrants and the inability to engage customers amongst other country-specific challenges may have contributed to this poor run of performance.

Many research efforts in the area of entry-mode strategy have dealt with issues such as, the factor that influences entry mode choice and performance effects of entry mode strategy (Andreu *et al.*, 2016; Dahms, 2017; Hsu *et al.*, 2017; Lai, Lin, & Chen 2017; Schu & Morschett, 2017; Sok & O'Cass, 2015; Yasmeen & Viswanathan, 2017; Yoo & Reimann, 2017). However, of these studies, few scholars emphasized the effect of entry mode strategy on firm performance (Arasa & Gideon, 2015; Awolusi, 2013; Brouthers, 2013; Hollender, Zapkau, & Schwens, 2017; Nisar *et al.*, 2018; Teng, Huang, & Pan, 2017). More so, studies focused on entry mode and firm performance with regards to the Nigeria context are scant. In addition, it is critical for firms to have the capability to engage customers in a cocreation responsibility (Anning-Dorson, 2018). The relevance of customer engagement is because moving into a new environment suggest a different customer orientation. Consumers' behaviours are driven by culture, religion, ethnic affiliations and income capacity. Despite the documented significance of customer engagement to firms' performance (Anning-Dorson, 2018; Ateke & Iruka, 2015; Mahr, Lievens and Blazeovic, 2014), empirical submissions on the performance-effect of entry mode strategy have not considered how customer engagement moderates the relationship between entry mode strategy and firm performance. Although it can be inferred from a theoretical (contingency) stand-point to support the second order effect of customer engagement on the association between entry mode strategy and firm performance, yet there is need for empirical submission to substantiate the moderating effect.

Hence, in view of the insufficient study regarding entry mode strategy and customer engagement in Nigeria, this study examines the moderating effect of customer engagement on the relationship between entry mode strategy and firm performance of the manufacturer of Baby-care products in Nigeria. To achieve this, a cross-sectional survey-based sample of 452 employees of twelve manufacturing firms in Lagos State, Nigeria and a two-way interaction hypotheses was developed and tested. The reminder of the article is in four sections. Section two which follows after this introduction is the literature review. Section three addressed the methodology. Section four focused on data analysis and section five incorporate discussions of findings, conclusion and recommendations.

2. Literature Review

2.1 Theoretical Framework and Hypotheses Development

A number of studies have been done to evaluate existing theories and to improve the understanding of entry

mode strategy and customer engagement (Anning-Dorson, 2018; Arasa and Gideon, 2015; Brouthers, 2013; Elbedweihy et al., 2016; Hollender et al., 2017). However, this study draws on one perspective; the eclectic theory, to substantiate the effect of entry mode strategy on firm performance of manufacturers of baby diaper in Lagos state, Nigeria and to ascertain the moderating effect of customer engagement on the relationship between entry mode strategy and firm performance. The eclectic perspective is of specific importance to this study because it explains the interactions between the dependent (firm performance) and independent (entry strategy and customer engagement) variables identified in the present study.

Lending support for the ET, Brouthers, and Hennart (2007) pointed out that ET is a primary theoretical justification applied in foreign market entry choice literature. The assumptions of the ET are the mechanisms of the eclectic paradigm analysis: Ownership, Location, and Internalization advantages. According to Dunning (2000), the first assumption, ownership suggest the possession of specific firm-level resources (tangible and intangible) and competences (brand equity, copyright, customer engagement, embedded work-relationships, processes, intellectual property, trademark or patent rights, and the use and management of internally available skills), that firms can deploy to gain competitive advantage. Second, the location suggests that firms need to operate in an environment that offers location-cost economies like cheap labour, access to resources in the market, and in infrastructure that can aid cost-effective production and offers an opportunity for growth. Comparative cost analysis and Porter's industry analysis assist firms in establishing a suitable location where the firm can achieve location advantage.

Lastly, internalization suggests the possibility of transferring a firm ownership-advantage to a foreign market within its organisation rather than engaging in other contractual arrangements to do so. According to Dunning, these fundamentals explain how a firm can access foreign markets successfully. Interestingly Dunning's ET is a hybrid theory of international trade that infuse the critical element of theories such as the RBV, Transactional cost economies, institutional theory and by implication comparative cost advantage theory (Brouthers & Hennart 2007), to explain the critical success factors for firm desirous of succeeding in cross-border business. ***Given the foregoing, this study proposed that entry mode strategy will influence firm performance. Moreover, customer engagement would moderate the interaction between entry mode strategy and firm performance.***

2.2 Empirical review

2.2.1 Entry Mode Strategy and Firm Performance

In a study conducted by Awolusi (2013) on the factors responsible for why Nigerian manufacturing companies go international, the researcher used various theories on international business to develop the research instrument. The result suggested that the entry mode strategy that was predicated on the propositions of the transaction cost theory was the primary factor influence internationalization given its capacity to reduce the risk of international failure and, consequently, its positive association with firm performance.

Awolusi's discovery was in line with Brouthers (2013) study, which investigated the choice of entry mode and performance of firms across Europe in diverse industries. Much like Awolusi (2013), a theory-based approach was followed, and the study revealed that entry mode strategy predicated on transaction cost economic theory performed better than the use of other theories to make entry mode choice decisions both in terms of financial and non-financial performance. Similarly, in Arasa and Gideon's (2015) study, they found entry mode strategies (licensing & direct investment) have a positive effect on profitability and market share after investigating which international entry strategies influenced the financial performance of manufacturing MNE in Kenya.

Even though Arasa and Gideon's study suggested a positive-effect of specific entry mode dimensions, the finding is different from Awolusi (2013) and Brouther (2013). In fact, as against using theory-based questionnaire design, they employed a conceptual approach to questionnaire design, and this explained the nature of their findings. Furthermore, in a similar research area, but focusing on medium-sized

companies in Norway, Nisar et al., (2018) found that entry mode strategies adopted by these firms positively influenced performance (measured by profitability, sales growth, market share).

In another study involving medium-sized firms in Denmark, Ulrich, Boyd, and Hollensen (2012) sort to explain entry mode performance-effect, and their study revealed that equity modes, for example, FDI, WOS, JV present higher financial returns than the non-equity mode. This result corroborated the submission of the previous empirical literature that improvement in financial margin is attributed to entry modes that have higher ownership control (Berbel-Pineda & Ramirez-Hurtado, 2011).

Similar to Ulrich *et al.* (2012), Hui, Hoshino, Kumarasinghe, and Mohamad (2012) examined the profitability effect of entry mode strategies and firm characteristics of Japanese firms. The study revealed that the profitability of joint venture ownership is better than wholly ownership for manufacturing companies, while wholly ownership is better than joint venture ownership for non-manufacturing companies. In addition, the profitability of joint ventures with minority ownership is the best entry mode for manufacturing companies and equally ownership for non-manufacturing companies in Japan. Although Ulrich *et al.* (2012) and Hui *et al.* (2012) shares similarities in study title, however, their research context differ given the former focused on mid-size firms in Demark while the latter focused on foreign firms in Japan. This contextual difference explains why their findings differ.

However, when Hollender *et al.* (2017) focused on CEOs in Germany, who operate a medium-sized company, the authors found no direct effect concerning non-equity mode and foreign venture performance. This finding aligned with some empirical position found in extant literature (Brouthers & Nakos, 2004; Rasheed, 2005), nonetheless contradicts the submission other empirical studies (Arasa & Gideon, 2015; Hui *et al.* 2012; Nisar *et al.*, 2017; Ulrich *et al.*, 2012). In one of the studies focused on transition economy, Haar and Marinescu (2014) examined entry modes and firm performance focusing on FDI into Romania. Contrary to FDI literature, regarding the benefits of Acquisition over Greenfield, the study revealed that FDI into Romania preferred Greenfield FDI over acquisitions. Perhaps government policies in Romania favour Greenfield investment. Further analysis of performance showed that Acquisition produces better profit margin and sales growth when compared with Greenfield investment.

2.2.2 The Moderating role of Customer Engagement

Roya, Balajib, Soutarc, Lassard and Roy (2018), investigated how customer engagement behavior (CEB) influence customer outcomes of firms in Australia, China, India and the USA, the study revealed that to develop motivated and satisfied customers, firms need to build trust, treat customers fairly and engage in value co-creation activities. This findings, uphold Mahr et al. (2014) submission, that Co-creation activity positively influences organizational performance through providing the opportunity to understand the customer desires (Carbonell & Rodriguez-Escudero, 2014) and to meet them with the right market offering (Brady, Davies & Gann, 2005). These chain of activities should make customers happy. Also, in an attempt to substantiate Mahr et al. (2014) submission on the relevance of customer relationship building, Elbedweihiy et al. (2016) found that when customers acknowledged a brand, they tend to overlook adverse report concerning such product. This buttress the point that firms who build a positive relationship with their customers enjoy more from the relationship. More so through relationship building, firm shares knowledge which enable the customer to uncover firms' unique capabilities and present value co-creation prospects that drives customer satisfaction (Fang, Palmatier & Steenkamp, 2008; Johansson, Raddats & Witell, 2019; Kohtamäki & Partanen, 2016).

In addition, Ateke and Iruka (2015) assessed whether customer involvement relates to market performance of manufacturing firms in River State, Nigeria and the result revealed the existence of a significant positive relationship between customer involvement management and customer satisfaction with regards to the manufacturing companies under study. The highpoint of these several studies, is that they heightened the significance of customer engagement capability to organizational performance. On the contrary, Anning-Dorson (2018) result showed that customer involvement capability is not a first-

order capability that drives customer satisfaction, profit, and market share. Explicitly, the study posits that the customer involvement capability is a second-order competency whose performance effect was explained via a first-order proficiency such as innovation capability.

In addition, in a study which seek to unravel the interactions amongst firm-specific dimensions (innovation capability, service quality and customer engagement) and performance measures (Sales, market share & profitability), Ngo and O'Cass (2012a) found that customer engagement plays a crucial role in ensuring that innovation activities achieved desired firm performance. This finding provided evidence for Beckers et al. (2017) submission which averred that customer involvement is not a first-order capability. More so, it emphasized the relevance of allowing customer participation in product innovation activities; an act Bendapudi and Leone (2003) recommended. One lesson to be learned here is that despite having innovation capability, firms should not ignore their customers' contribution when deciding on what to produce or which services to render. Ngo and O'Cass's (2012a) study upheld the submission of earlier scholars such as Prahalad and Ramaswamy (2004) which pointed out that customer involvement act as a contingent factor which organizations can endorse to maximize the benefit of firm-specific capabilities.

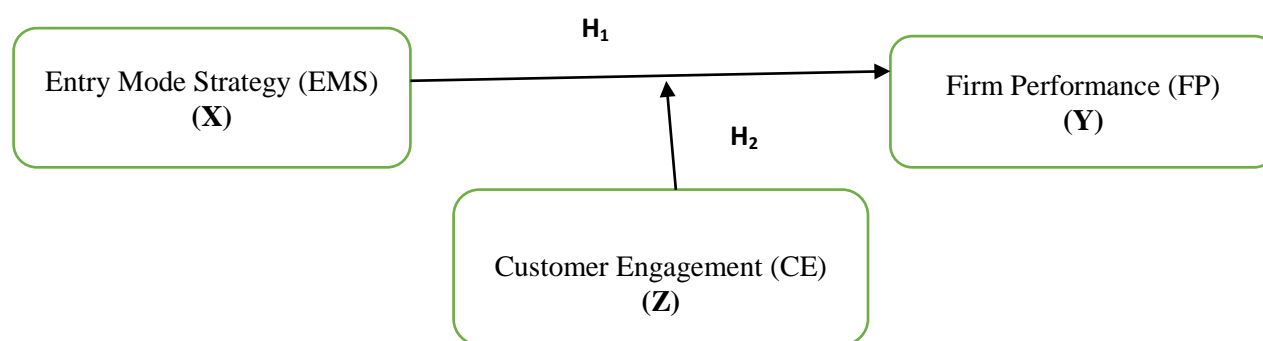


Figure 1: Research framework

3. Methodology

This study employed a cross-sectional survey design which enable studying a subset of a population and collecting data at a point in time. Many studies have employed this research design and found it appropriate in collecting data to substantiate a relationship or an effect between the independent and dependent variable at a point in time (Anning-Dorson, 2018; Beckers et al., 2017).

3.1 The Study Context, Population, Sampling and Data collection

The population of this study comprised of 8,452 employees working with twelve manufacturing companies in FMCG baby-care category ranging from body-care, milk formula, baby-cereal, diaper, baby-snack and juice. Using Krejcie and Morgan sample size determination, 384 is an appropriate sample for that population figure. To accommodate instances of non-response, 40% of the initial sample is added to produce a sample size of 506. The category of staff that made up the population are those in the top management level, middle management level, and the operational management level. More so, these categories of staff have been employed by the selected manufacturing companies in Lagos State within fifteen years.

The research instrument for data collection was a structured questionnaire considered relevant in collecting feedback based on the opinion of the respondents and it is suitable for collecting data within a short time on current issues, just as it is an enabler of quantitative data analysis (Onamusi et al., 2019). The items in the questionnaire were adapted. The adapted questionnaire was a standardized scale that has been used by authors on the subject matter of this research in another research context. The response options provided in this study's questionnaire followed the 6-point Likert type scale (6 = strongly agree, 1 = strongly disagree), consistent with (Arokodare et al., 2019).

The administration and retrieval of the questionnaire took eight weeks. After collating the questionnaires,

the researcher then screened the questionnaires in such a way that questionnaire that were not properly filled were dropped. In all 452 copies of questionnaire were considered usable representing 89.3% response rate.

3.2 Measurement of Variables

The objective of this study presented the following dependent (firm performance), independent (Entry mode strategy), and moderating (Customer engagement) variables, which were discussed taking cognizance of their measurement in prior studies.

3.2.1 Dependent Variable

Firm Performance (FP)

Prior studies on organisational performance measured the variable by integrating financial and non-financial dimensions on a multi-item scale, respectively (Anning-Dorson, 2018; Bendig *et al.*, 2018). The justification for this approach lies in the argument that using either of the two measurements, possess inherent weakness, hence, to make up for the drawbacks of each measure and present a robust measure that reflects the organisational realities, it became salient to use both dimensions as a measure of firm performance.

3.2.2 Independent Variable

Entry Mode Strategy (EMS)

Scholars have conceptualized and measured the entry mode strategy as a categorical variable (Ji & Dimitratos, 2013; Lin & Ho, 2019; Matarazzo & Resciniti, 2014). The categorization includes Non-equity mode, equity mode, and hybrid mode. The non-equity mode includes import and contractual arrangements such as Licensing and contract manufacturing. The equity modes include investment modes such as wholly-owned subsidiary (which can be achieved either through Greenfield or Acquisition) and joint venture, while the hybrid modes involve the combination of both modes. The hybrid category is in line with the work of Yasmeen and Viswanathan (2017). In line with existing studies, this study measures the entry mode strategy as a categorical variable.

3.2.3 Moderating Variable

Customer Engagement (CE)

Based on these previous studies, customer engagement reflects the extent to which firms involve their customers in the co-creation of products. It further measures how customer insights are gathered and how customers are motivated to participate in production activities. These elements were measured using the Likert-type scale by earlier scholars (Anning-Dorson *et al.*, 2018; Mu, 2015; Mu *et al.*, 2018).

3.3 Data Analysis

The study employed a simple regression analysis to first establish the effect of entry mode strategy and firm performance and subsequently establish the moderating effect of customer engagement on the relationship using a moderated regression analysis. Although this study has both continuous (customer engagement) and categorical predictor variable (entry mode strategy), yet scholars have confirmed the suitability of a categorical variable for running multiple regression through the dummy coding of variables to capture each of the categories (Cohen, 1983; Heiberger & Holland, 2015; Schepers, 2016).

3.4 Model Specification

$$Y = f(X)$$

Y = Dependent variable: Firm Performance (FP)

X = Independent variables: Entry Mode Strategy (EMS)

Z = Moderating variables: Customer Engagement (CE)

$$Y = f(X)$$

$$Y = \beta_0 + \beta_1 X_i + \mu_i$$

$$FP = \beta_0 + \beta_1 EMS_i + \mu_i \text{-----research model 1}$$

$$Y = f(XZ)$$

$$Y = \beta_0$$

$$+ \beta_1 X_i + \beta_2 Z_i + \beta_3 XZ_i + \mu_i$$

$$FP = \beta_0 + \beta_1 EMS_i + \beta_3 CE_i + \beta_4 EMS_i * CE_i + \mu_i \text{-----research model 2}$$

For the purpose of this study, the above models were used.

Where:

β_0 = the intercept expected value of y when x is equal to zero.

b = the Coefficient of the independent variable (it is the rate of change in y with respect to x).

μ = the error term to accommodate the effect of other variables that can influence organizational performance, but which were not included in the model.

4. Analysis and Result

4.1 Validity and Reliability Test

The researcher conducted principal component factor analysis (CFA) to ascertain the overall adequacy and validity of the instrument (excluding entry mode strategy that is categorical in nature) since the questionnaire items were adapted from literature. A Kaiser-Meyer-Olkin (KMO) statistic greater than 0.72 confirmed the suitability of the items for factor analysis (Hair, Black, Babin, & Anderson, 2018). The factor loadings of these items (particularly for customer engagement and firm performance) were used to establish the Average Variance Extracted (AVE). All the constructs have an AVE value above the threshold 0.5. The construct, convergent validity and reliability result is presented in Table 2 below.

Table 1: Validity and Reliability test for measurement items.

Latent Variables	Items	Loadings	CA	CR	AVE
Customer Engagement	Exceed customer expectation	0.829	0.821	0.906	0.667
	Have resources to connect customer	0.849			
	Attend to customer needs	0.729			
	Co-create with customer	0.850			
	Interact with customer	0.822			
Firm Performance	Open new market	0.880	0.891	0.936	0.712
	Product success rate	0.837			
	Net profit margin	0.838			
	Gross profit margin	0.899			
	Return on sales	0.881			
	Reaching financial goals	0.718			

Note CA= Cronbach Alpha, CR= Composite reliability, AVE= Average variance explained

Source: Author's computation using SPSS V23

Hypotheses Testing

Table 2: Hierarchical Regression Result

Dependent Variable	Model	Predictors	R ²	Adj R ²	ΔR^2	Change Statistics			
						ΔF	df1	df2	Sig. F
FP	1	EMS	0.042	0.038	0.042	9.865	2	449	0.000
	2	EMS * CE	0.585	0.583	0.543	587.305	1	448	0.000

Source: Author's computation using SPSS V23

In the first step (Model 1), the effect of EMS on FP were examined. In the Second step (Model 2), the interaction term of CE and EMS were examined on and FP and discussed below.

Table 3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.212	2	4.106	9.865	.000 ^b
	Residual	186.881	449	0.416		
	Total	195.093	451			
2	Regression	114.226	3	38.075	210.933	.000 ^c
	Residual	80.868	448	0.181		
	Total	195.093	451			

a. Dependent Variable: ORGP

b. Predictors: (Constant), Hybrid mode, Non equity mode

c. Predictors: (Constant), Hybrid mode, Non equity mode, CE

Table 4: coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	4.789	0.048		99.861	.000
	Non-equity mode	-0.019	0.085	-0.011	-0.221	.825
	Hybrid mode	-0.279	0.067	-0.209	-4.152	.000
2	(Constant)	1.635	0.134		12.213	.000
	Non-equity mode	-0.538	0.060	-0.319	-8.962	.000
	Hybrid mode	-0.381	0.045	-0.286	-8.572	.000
	NEWCE*EMS	0.696	0.029	0.790	24.234	.000

a. Dependent Variable: Firm performance

Source: Author's computation using SPSS V23

It was discovered that EMS accounted for 4.2% of the variance recorded in FP ($R^2 = 0.042$, $F(2,449) = 9.865$, $p < 0.05$). The beta coefficient showed that the hybrid mode contribution is less compared to the equity mode strategy by 0.279 and the non-equity mode is less by 0.019 of the firm performance of equity mode. When the interaction term of EM and CE was added to the regression model (MODEL 2), there was an additional significant increase in FP ($\Delta R^2 = 0.543$, $p < 0.05$) because R^2 increased from 0.042 to 0.585. This result shows that CE has a statistically significant moderating effect on the relationship between EMS and FP.

5. Discussion and Conclusion

The trust of this study is to evaluate the effect EMS has on firm performance and the moderating effect of CE on the interactions of EMS and FP. The findings align with the hypotheses formulated in this study hence providing important implications for theory and practice. The first hypothesis suggested that EMS would positively influence FP. Our research shows that EMS significantly influenced FP. This suggest that the adoption of an appropriate entry mode strategy, improves firm performance. This result aligns with both theoretical and previous empirical study. The eclectic theory according to Dunning, explain how a firm can access foreign markets successfully. Empirically, Arasa and Gideon's (2015) study, they found entry mode strategies have a positive effect on profitability and market share after investigating which international entry strategies influenced the financial performance of manufacturing MNE in

Kenya. Similarly, Nisar et al., (2018) found that entry mode strategies adopted by firms positively influenced performance (measured by profitability, sales growth, market share). On the contrary, Hollender *et al.* (2017) found no direct effect concerning non-equity mode and foreign venture performance. This finding aligned with some empirical position found in extant literature (Brouthers & Nakos, 2004; Rasheed, 2005),

What the second-order analysis suggested is that the path between EMS and FP became enhanced and significant when the decision to engage the customers was initiated. This significant performance effect of customer engagement has been established in prior empirical studies for example in the automotive sector (Şahin, Turhan & Zehir, 2013), retail sector (Ha & Perks, 2005), banking sector (Chahal & Dutta, 2014) Hospitality sector (Khan, Garg & Rahman, 2015), airline business (Kim, Chua, Lee, Boo & Han, 2016; Lin, 2015) and in manufacturing sector (Ateke & Iruka, 2015) and this study's result affirm these submissions. The second hypothesis strengthens the narrative of the eclectic theory. The ET perspective promote the ideology that firms desirous of achieving superior performance in a foreign market must adopt an appropriate entry mode strategy and must own firm-specific capabilities like customer engagement. Our result aligns with this theory because the entry modes adopted by the firms and the deployment of CE potentially improves firm performance. By this result, the eclectic theory is strengthened.

5.1 Contribution

The contribution of this study to knowledge is in many ways. First the empirical results which showed that CE significantly moderate the interaction between EMS on FP is contrary to many studies on entry mode who dealt mainly with the performance effect of entry mode strategy and factors that determine entry mode choice. More so, this findings is an addition to the current literature on this subject matters. Also, this study corroborates the position of the eclectic perspective by providing support for the underlining assumptions of the theory.

5.2 Managerial Implication

The findings of this study, suggest that beyond adopting the appropriate entry mode strategy it is critical for organizations to possess the capability to engage their customer in a cocreation function in the foreign market. Given the erratic nature of customer behaviour, customer engagement offers specific benefit. The interactions with the new customers would enable the production of goods that meet customer needs. Also it is imperative for management to create platforms to reach out to customers particularly during the new product development process; this is because it helps to harvest first-hand information regarding what the consumers will buy repeatedly.

5.3 Limitations and Future research

This study has limitations which must be recognised to provide opportunities for future research. This study is focused on twelve manufacturers in FMCG baby product categories in Lagos, Nigeria. As with any single industry studies, the findings of this study is more relevant to managers in this line of trade. The adoption of a cross-sectional survey design equally suggests that the study is unable to provide explanations of the changes in the dependent variable attributable to the independent and moderating variable over a long period. Also, the study focused on one firm-specific capability dimension (CE) and firm performance.

Future studies may consider incorporating other manufacturing companies in other industries in Nigeria (multi-industry analysis) to enhance the generalization of this study's findings. In other to provide explanations for the cause and effect relationship between the variables under investigation over time, future research may consider a longitudinal study. In addition, studies that would bring in other firm-specific capabilities for example new product development, innovation capability, knowledge acquisition capability and marketing capability to examine the joint moderating effect on firm performance and or

determine which variable can better help organizations thrive in an international market. Notwithstanding these limitations, this study provides important empirical, theoretical and practical implications for managers regarding the adoption of an appropriate entry mode strategy and the capability to engage customer needed to improve firm performance.

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